ABC-TV among election winners

By DIANE MERMIGAS

Although CBS maintained its prime time ratings lead the fifth week of the 1982-83 season, ABC, which placed third in the 1978 and 1980 election ratings sweepstakes, displaced CBS to lead the pack on election night.

Despite frequent tension and awkward moments between Frank Reynolds and David Brinkley, who shared the anchor desk with Ted Koppel, ABC squeaked past normally top-ranked CBS News on Nov. 2 with a 10.5 rating and 17% share of the national tv audience 7 p.m. to 11 p.m. (ET). CBS averaged a 10 rating and 16 share, followed by NBC with an 8.2 rating and 13 share, according to A.C. Nielsen Co.

It was the first major election coverage anchored by CBS' Dan Rather and NBC's Tom Brokaw and Roger Mudd, a team struggling to establish its credibility in the face of sluggish "Nightly News" ratings. It was Mr. Brinkley's first election involvement at ABC since joining the network last year.

Half-hour trackings election night showed ABC News temporarily lost its national ratings lead to CBS from 8 p.m. to 9 p.m.

However, a different ratings situation prevailed in some big cities. NBC dominated the ratings in New York, averaging three ratings points and four share points over third-ranked CBS. However, CBS led the pack by an even wider margin in Chicago, averaging four ratings points and six share points over third-place ABC in prime-time election coverage.

Many of the independent stations counter-programing movies and other specials election night were the big ratings winners.

However, the networks' collective election night news rating of 32.6 was up 8% over their mid-term election ratings average in November, 1978. Households tuning into network election coverage were up 20% to 27.1 million.

■ ABC News was up 46% in rating and 31% in share from its 7 p.m. to 11 p.m. mid-term election coverage in November, 1978, anchored by Barbara Walters and Harry Rea-

(Continued on Page 98)

Cowles taking control

By ROBERT REED

MINNEAPOLIS—John Cowles Jr. is moving across town, forsaking the gleaming IDS tower that houses the Cowles Media Corp. for the less impressive environs of his *Minneapolis Star & Tribune* newspaper offices.

The address change has been sparked by three years of internal upheavals—including the layoff of over 1,000 employes—within the venerable newspaper and its parent company.

Last week, the upheavals reached a denouement when Mr. Cowles, president-chief executive officer of the privately held concern, fired longtime *Star & Tribune* publisher Donald Dwight and took that position upon himself.

Mr. Cowles' grasping of the publisher's reins is a dramatic indication that Cowles Media has reluctantly come to realize that the lifeblood of its corporate well-being centers on the revitalization of the embattled *Star & Tribune* flagship, say company sources.

Increased attention to the paper also is being viewed as a sign the parent company is backing away from what many

(Continued on Page 97)

Advertising Age

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Begins test of Nature Valley beverage line

Gen. Mills jumps on juice wagon

By JANET NEIMAN

The booming beverage business is continuing to attract the major diversified food marketers.

General Mills, which made a brief, unsuccessful venture into soft drinks about six years ago, is attempting to break into beverages again with its first line of fruit juices, now entering Texas market test under the name Nature Valley Fruit-Squeeez.

Described as 100% natural fruit juice blends packaged in shelf-stable aseptic cartons, Fruit-Squeeez comes in five flavors—apple, grapefruit, pineapple, cherry and apricot—but each is a blend of several juices. Both a four-carton pack and one-liter containers are being tested. General Mills "is supplying" the juice itself, a spokeswoman said. The company is said to consider it a major product entry.

The move comes amid the introduction of numerous other juice and beverage products from other food companies, and on the heels of Procter & Gamble's foray into the $2.5 billion fruit juice category with its new Citrus Hill orange juice (AA, Oct. 11), also going into test.

Campbell Soup Co. recently acquired a juice producer and, just before that, its Pepperidge Farm unit began testing apple juice under its brand. Quaker Oats in April acquired Ardmore Farms, the Deland, Fla., foodservice marketer of frozen juices, and there has been speculation that Quaker will move the line into the consumer market.

Beatrice Foods Co., already a leader in orange juice with its

(Continued on Page 98)

Purina readies new assault on Quaker

By RICHARD KREISMAN

Ralston Purina Co. appears ready to spend big to challenge competitor Quaker Oats in the premium-price dog food category that Quaker pioneered.

The St. Louis company is rolling out Praise, a dual-textured, combination dry and soft-moist product that will compete with Quaker's Kibbles 'n Bits and Tender Chunks brands. Ralston is telling the trade Praise will get a $30 million introductory push beginning early next year.

Interestingly, Praise is positioned as a premium-price brand at a time when Purina and other pet food marketers have been actively competing with lower-price products; Purina earlier this year relaunched its own Mainstay brand as a low-price entry. *(See related story on General Foods' Gaines division, Page 4.)*

Even Quaker, which shook up the industry with the higher-priced Tender Chunks brand, has entered the bottom end of the market, selling a complete line of non-branded pet food to retailers.

The timing of the Praise introduction also coincides with a steady flattening in Kibbles 'n Bits share, and Ralston Purina may be trying to take advantage of a market that has been exposed to a similar product. The Quaker product reached a high share of almost 5% after its $25 million introduction last year. In late September, warehouse withdrawal figures showed the brand with a 2.6% share of the $1.6 billion dry dog food market.

Praise's concept is similar to General Foods' Full Course, a

(Continued on Page 94)

last minute news

CPC International reviewing media buying unit

ENGLEWOOD CLIFFS, N.J.—CPC International, whose units include Best Foods and S.B. Thomas Inc., is reviewing its relationship with the Porterfield Buying Unit, New York, which handles $13 million worth of CPC's spot tv and spot radio buys. Best Foods president David R. Newstadt would only say the matter "is under discussion." CPC agencies include Dancer Fitzgerald Sample and D'Arcy-MacManus & Masius. National Network Negotiators Inc. has network buying.

Singer assigns $2 million account to Deutsch

ELIZABETH, N.J.—Singer Co. has assigned its U.S. consumer sewing products account to David Deutsch Associates, New York, effective Jan. 1. In succeeding Scali, McCabe, Sloves on the account, Deutsch takes over all Singer consumer and trade advertising and sales promotion. Spending is estimated at $2 million.

RJR acquires majority share in Ets. Gosset

WINSTON-SALEM, N.C.—R.J. Reynolds Tobacco International has acquired a majority interest in Ets. Gosset S.A., Brussels, a cigaret and tobacco products company. Terms were not announced. Gosset, whose principal brand is St. Michel cigarets, had 1981 unit sales of 2 billion cigarets and sales of $82 million.

Special Lancers job goes to Laurence, Charles

GREENWICH, CONN.—Heublein Inc.'s spirits group has awarded a 30-day creative assignment on Lancers wines to Laurence, Charles & Free, New York. D'Arcy-MacManus & Masius/New York, the incumbent on the brand, also is working on creative.

(Continued on Page 8)

MCI reaches out for Bell

MCI's new campaign touting long-distance rates lower than AT&T includes ad (above) that takes off on familiar Bell spot (right). In MCI version, the mother is crying not because her son called to say he loved her, but because her phone bill was too high *(story on Page 6)*.

Gas marketing moves to bring credit card fee

By ROBERT RAISSMAN

The major oil companies have made a number of moves in an effort to cut costs in the face of a sluggish market.

Many have lined up behind discount-for-cash programs, some have scrapped their credit card programs, which prompted other companies to accept any oil marketer's plastic. On top of those moves, one company even has returned to a free-gift promotion.

In the end, however, sources say that to achieve cost reductions, oil companies will be forced to make the consumer pay for the use of a gasoline credit card.

"The day of the free oil company card for consumers is almost extinct," said Lester J. Boyle, advertising manager at Tulsa, Okla.-based Getty Refining & Marketing Co. "The way Getty sees it, the probability of oil companies charging the consumer a fee is not that far away," he noted. "When you take the cost of money today, it's easy to see why some companies are already slipping the fee to the consumer."

Chicago-based Amoco, now offering a discount-for-cash program, has completed an eight-month test in which it charged some of its regular customers and heavy commercial clients a $6 fee to use the company's credit card. Seventy-five per cent of the regular charge customers paid the fee, while 85% of the commercial group paid to use the card.

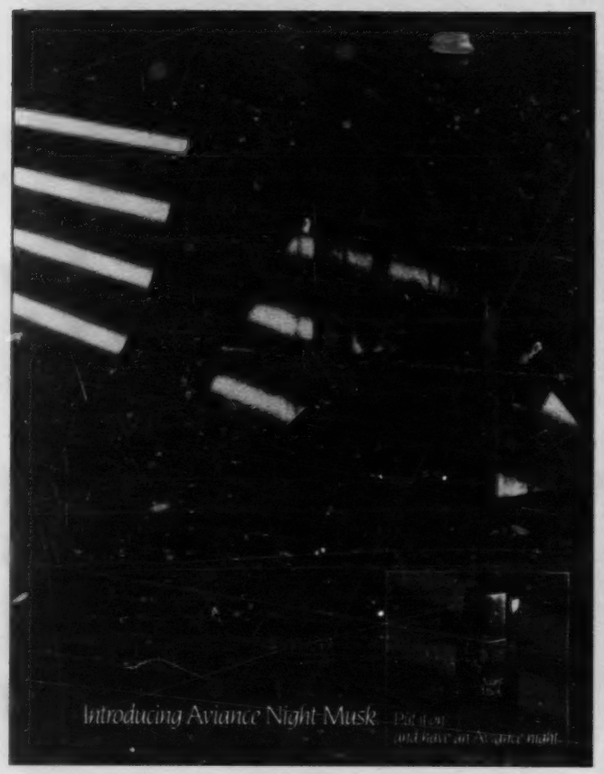
A source at Amoco said the company now is conducting focus groups to determine whether more motorists will pay for the credit card. Amoco carries the largest number of active credit card accounts in the country, about 7 million.

In Michigan, Standard Oil of Ohio has been conducting a test where the company has split its customer base, charging one group $1 per month for use of a Boron credit card and another group a lump sum $12 fee. Sohio's 120 Boron stations were renamed Gas & Go late in 1981, but Boron cards still are honored at these outlets.

In most cases, the tests involve announcements in monthly statements to credit card customers.

"We want to see what the accep-

(Continued on Page 94)



Steamy scene

Aviance Night Musk will direct the consumer to "Put it on. . .and have an Aviance Night," taking off on the Aviance fragrance theme. Advertising takes off on the movie, "Body Heat."

ANA considering tv syndication question

By MAURINE CHRISTOPHER

Should the Big 3 tv networks be allowed back into domestic syndication and co-production?

The Assn. of National Advertisers tv committee, which will make recommendations on this $800 million question, still hasn't officially decided whether to support the networks or the syndicators in this crucial power struggle. A policy decision, requiring approval by ANA's board, is expected to be announced at its annual membership meeting this week in Palm Beach, Fla.

The 30-person committee, headed by Harry Way, media director, Colgate-Palmolive, couldn't be more closemouthed. Those willing to talk without attribution come down on opposite sides of the question.

One committee member favored letting the networks compete freely in local distribution and in program production. All parties have until Jan. 26 to file formal comments on the networks' request for repeal of the 1970 rules that permit them to syndicate offnetwork shows abroad but not at home. The rules also limit their financing of

(Continued on Page 96)

Longer night Aviance aim

By PAT SLOAN

New York—Prince Matchabelli, the company that first extended its sultry invitations to "Have an Aviance night" seven years ago, will try to seduce the consumer with a new line next spring.

Enter Aviance Night Musk, a line extension—sort of—that is aimed at the fragrance market's musk segment. The segment's estimated $100 million retail business is showing unit growth of about 6% to 7% a year, and thus contrasts sharply with flat unit growth for the over-all fragrance market, according to Michael Horowitz, Prince Matchabelli marketing director.

Other favorable characteristics of the market segment that influenced the Chesebrough-Pond's division to attempt to tap it include a low level of competition and relatively low media support. The principal competitors in the segment are Jovan with a 54% share, Coty with its 24% share and Houbigant's 16% share. In 1979, only $300,000 could be charted in media spending for the musk business; in 1980, the total jumped to $1.3 million, only to dip to $1.1 million last year.

The 1983 total should show a sizable increase, since Prince Matchabelli says it will spend about $1.5 million on Aviance Night Musk's print and tv campaign, via William Esty Co. John Hall, known for

(Continued on Page 96)

highlights

Monday, November 8, 1982

Because domestic auto makers held the line on 1983 sticker prices, they are punting on leftover 1982 car prices. *See Page 4.*

Mass vs. class—the debate continues in the magazine industry on which direction to pursue. *See Page 10.*

IBM is increasing its advertising expenditure in Canada by a whopping 1,000% for 1983. *See Page 12.*

Chairman Mark Fowler wants the Federal Communications Commission to start deregulating tv before the end of the year. *See Page 14.*

UTV Cable Network, the proposed ad-supported service in which all programs feature viewer telephone interaction, has signed nearly a dozen advertisers for its first year. *See Page 14.*

Voted Most Valuable Player in the World Series, St. Louis Cardinals catcher Darrell Porter now is considering ad endorsements. *See Page 16.*

Healthbreak, an over-the-counter drug in gum form being marketed by Lamar Laboratories, may have rushed to market ahead of FDA approval. *See Page 28.*

Southern California's travel and tourism industry is on the brink of concerted action against the Los Angeles Olympic Organizing Committee. *See Page 40.*

GMC Truck & Coach, coming off an upbeat sales year, will "stay the course" with its new marketing and advertising strategies. *See Page 44.*

Part of an old automotive tradition will find its way to the airwaves in January, when Pontiac puts its annual dealer show on an ad hoc tv network. *See Page 45.*

For the first time since Consolidated Foods purchased a majority interest in Douwe Egberts, the largest Dutch coffee company has run into trouble. *See Page 51.*

Former DeLorean executives reportedly are indicating that payment by cars had been discussed as a possibility of settling the company's debts. *See Page 52.*

Seeking to bury the double-knit image of polyester, Celanese Fibers Marketing Co. has fashioned a consumer education program. *See Page 56.*

As USA Today enters its sixth market ahead of schedule, it's still too early to gauge the newspaper's success with advertisers. *See Page 60.*

Cover illustration by Maureen Sharkey.

CORPORATE CLOSEUP

General Foods' pet food division executives say they're satisfied with their Gaines brand business. *See Page 4.*

INTERNATIONAL

The amount of political advertising in the U.S. was nothing compared to what is going on in Brazil for that country's elections. *See Page 32.*

McDonald's officials in Japan reportedly grew concerned when they learned that 7-Eleven there was going to sell fast-food, as the growth of the hamburger market slows down. *See Page 34.*

VIDEOTECH

Twentieth Century-Fox Pay Television is requiring cable and subscription tv systems carrying a live pay-per-view rock concert to meet specific spending levels in local ads and promotion, instead of seeking a cash guarantee. *See Page 74.*

Al and David Maysles get "great" copy from the mouths of real people. *See Page 80.*

MAGAZINE

One of the last interviews Bill Bernbach gave before his death, published in a conversation with Bart Cummings, affords a look at the man behind the famous ads. *See Page M-4.*

Media Outlook: Although media placement for 1983 seems strong, bidding on the future is still a tricky business. *See Page M-9.*

It's about time creative and media people started speaking the same language to work together to produce a successful campaign. *See Page M-46.*

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P&G in test with Oasis

By JENNIFER ALTER

Making use of a seemingly apt brand name, Procter & Gamble is testing a new antiperspirant/deodorant called Oasis.

The stick product, testing in the BehaviorScan markets of Eau Claire, Wis., and Pittsfield, Mass., is a "dual action deodorant and antiperspirant system," according to package copy. It consists of a white core of antiperspirant ingredients to protect against wetness, and a green gel outer ring with deodorant ingredients to protect against odor.

Sixty-second tv spots from Benton & Bowles say the product provides "underarm protection in a way you've never gotten it before," and that it makes you "feel clean, feel cool, feel dry and fresh."

P&G, with its two established brands, leads the $1 billion category, but it has lost share since Gillette Co.'s 1978 introduction of Dry Idea.

A revolutionary product when it was introduced, the silicone, rather than water-based Dry Idea was the first antiperspirant to dry immediately upon application. It has

(Continued on Page 94)

Public tv seeks kiddie show support

WASHINGTON—With a slap at children's fare on the commercial tv networks, a consortium of public tv stations has set out to attract $2 million in backing from corporations and other private groups that want to be associated with a new, high-quality, weekly prime time children's tv series.

The new series, 26 hourlong dramas, is earmarked for prime time beginning in 1984 and designed for 7-to-12-year-olds and their parents. The bulk of the $9 million budget planned for the first season is a $6 million grant from the Corporation for Public Broadcasting, one of the largest chunks of federal aid ever committed by the corporation to a single project.

To get the CPB funds, public tv stations must commit $1 million from their own program budgets to the project. Station program managers will begin considering that commitment this week when they gather here for their annual "program fair." Backers of the new public tv series, in material released here last week, took a swipe at their commercial tv counterparts by quoting *New York Times* critic John O'Connor as having "flatly" claimed that "the state of children's programing on ABC, CBS and NBC is rapidly becoming a national disgrace."

CPB officials said the new children's series will be coordinated by a new Children's and Family Consortium, made up of public tv stations WQED-TV, Pittsburgh; KCTA-TV, Minneapolis-St. Paul; WETA-TV, Washington; KCET-TV, Los Angeles, and South Carolina Educational Television.

The consortium last week said Lee Polk, New York, former director of children's programing for National Educational Television and ABC, will be executive producer of the new series. Jay Rayvid, senior vp at WQED, will be the executive director of the consortium. It will wade through 194 programing proposals for the series. In describing the series, the consortium said it will "search out and develop stories which present positive role models who speak to the best in us all."

Miniseries as well as single-episode programs, and a mix of original productions and foreign program acquisitions, are envisioned.#

New MCI ad spots get tough on Bell

By ROBERT RAISSMAN

NEW YORK—MCI Communications, looking to get the jump on American Telephone & Telegraph before it enters its heaviest ad spending season, will ring in four new commercials today that are guaranteed to jangle Ma Bell's corporate cool.

The MCI commercials, airing in about 100 markets, not only try to enlist new subscribers before the heavy holiday calling season, they also—as has been the case with most MCI advertising—hit hard at AT&T's time, rate and usage structure.

The most controversial spot in the new Ally & Gargano campaign might be one that is a direct take-off of an AT&T "reach out" commercial titled, "Joey called" and developed by N W Ayer. The AT&T commercial shows a black couple at their kitchen table, the wife dabbing the tears from her eyes as she tells her husband that their son, Joey, had called just to say he loved her.

The MCI spot also shows a black couple sitting at their kitchen table. With the melodramatic strains of piano and string music in the background, plus the wife's continuous sobbing, the husband asks: "Have you been talking to our son long distance again?"

The woman nods her head yes. "Did he tell you how much he loves you?" the husband asks. "And did he tell you how well he's doing in school? All those things are wonderful, what on earth are you crying for?"

"Have you seen our long-distance bill!" she replies. Voiceover: "If your long-distance bills are too much, call MCI. You'll reach out and touch someone, just for a whole lot less."

Although MCI executives said they expected the spots to create some problems for AT&T "internally," James H. Feeney, senior vp-management supervisor at Ally & Gargano, said MCI attorneys and the agency did not foresee any problems with the sendup. "We took off on a commercial that we think is a good commercial," he said. "We wouldn't want to knock off something that we didn't think was any good."

Another spot asks potential customers to "Take a little jingle out of Bell's pockets. Call MCI."

Timothy C. Cronin, marketing advertising director at Washington-based MCI, said the "jingle" commercial was designed specifically to preempt Bell's own holiday spots. "We're hoping people will sign up for MCI before the heavy [holiday] usage period," he said.

One other spot, which debuted on radio and has been converted for tv, shows a bachelor prowling his apartment while making a phone call. A woman answers. "It's Harold," the bachelor says.

"What time is it?" asks the young woman, who has been awakened.

"Two a.m. your time, sleepyhead," Harold answers. "You won't believe the money I save by calling after 11 p.m.," he says as he slumps on his couch preparing for a long conversation.

"Really," the woman says.

"Fer sure," Harold replies.

"I will save you more money, Harold," she says.

"How, baby?" he asks.

Click. She hangs up on him.#

TO ADVERTISE IN THE FIRST INDUSTRY-WIDE SOFTWARE RESOURCE BOOK, YOU'VE GOT TO BE TWO THINGS: SMART AND FAST.

In January, 1983, a new semiannual publication is going to appear on the burgeoning personal computer scene: *LIST*. The first personal computer publication that puts software first. With enlightening, instructive and entertaining articles about software and hardware. Plus the industry's most up-to-date, comprehensive listing of personal computer applications software.

Making *LIST* a valuable resource tool for everyone who wants to get the most out of a personal computer.

Unlike the audience of other personal computer magazines, which consists primarily of people who already own personal computers, 70% of the *LIST* audience will be business and professional people actively contemplating the purchase of their first personal computer.

What's more, unlike other personal computer magazines, our circulation will be 100% *paid* circulation.

Smart media people will recognize the value of placing an ad in such a publication.

But being smart isn't enough.

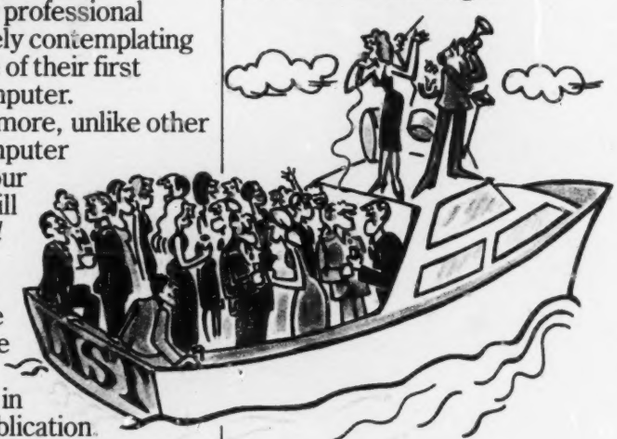
OUR AD PAGES ARE FILLING UP, EVEN AS WE SPEAK.

It's true.

We've already gotten space commitments from some of the most respected names in the personal computer business: Hardware, software and peripheral marketers whom we contacted, or who saw ads for *LIST* in *Byte, InfoWorld,* and *PC,* or read about us in *The New York Times,* and contacted us.

They were quick to recognize the uniqueness of *LIST.* And they were especially pleased with the fact that we've made a decision to limit the number of advertising pages we run, in order to maximize our editorial impact. And their advertising impact. (Which really makes us unique.)

Doesn't that sound like the kind of publication you'd like to be advertising in?



PHONE 1-800-327-1300 TO ENLIST.

And ask for Joe Weibel. But do it soon.

Otherwise you'll have to wait another six months to show how smart you are.

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corrections & clarifications

- The correct agency for American Home Products' Chef Boy-Ar-Dee Soup di Pasta is Kornhauser & Calene, New York (AA, Oct. 25, P. 8).
- *Progressive Farmer* magazine has adjusted its year-to-date figures to read January through September, 1982, 622.7; January through September, 1981, 620.9 (AA, Oct. 25, P.48).

Cigaret debuts in Munich

MUNICH—Philip Morris is launching a new American-blend cigaret named New York, New York with minimal ad support.

Say goodbye to double-digit rate hikes

By Robert J. Coen

Media cost trends have continued to rise sharply despite a lingering recession. Advertising has proved to be an excellent marketing tool in a period of high interest rates and accumulating inventories and many media have responded with double-digit rate increases for the third year in a row.

However, the inflation rate for media should eventually come into line with the general inflation rate. The natural forces of the marketplace will bring about this adjustment. Media prices can outpace other prices for just so long and then the pendulum will swing in the other direction, resulting in a great disruption in the media industry.

Some individual media vehicles will be caught in the middle and will not survive the adjustment, so the longer this period of excess lasts, the more severe the consequences of correction will be.

Robert J. Coen is senior vp-director of media research, McCann-Erickson, New York. Mr. Coen often writes about media costs for ADVERTISING AGE.

Media cost indexes

For more than two decades McCann-Erickson has tracked unit costs, audience delivery and the changes in costs-per-thousand for the major media. In order to show the data in more understandable terms, all measurements have been converted into indexes.

The year 1967 was chosen as the base because it is the base year frequently used by the Bureau of Labor Statistics of the U.S. Department of Labor for its other price indexes.

The media index data have been developed from a number of sources.

The McCann-Erickson annual advertising expenditure reports have been one of the main sources, because the yearly change in expenditures is often a function of the change in the price of time or space, combined with the change in the volume of units purchased. The synthesis of data from different sources is necessary because the actual price charged for an average unit of time or space is not always publicly known.

Each of the major media has experienced a different price trend in the past and each faces a different set of future conditions. These trends and the possible future projections for each medium are as follows:

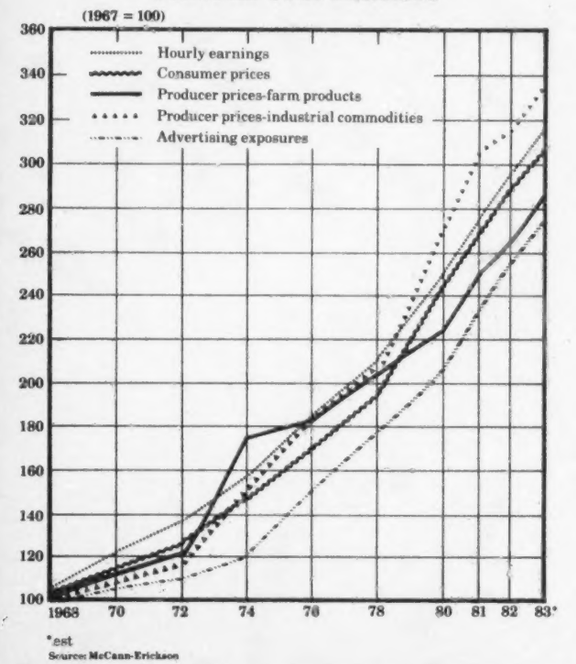
(Continued on Page M-26)

Average annual price increases

Prices	1978	1979	1980	1981	1982
Consumer prices	+ 7.7	+11.3	+13.5	+10.4	+ 6.6
Gnp deflator	+ 7.3	+ 8.5	+ 9.0	+ 9.2	+ 6.2
Media cpms					
Network tv	+10.2	+10.3	+ 7.4	+ 8.7	+12.0
Spot tv	+ 9.9	+ 9.6	+ 9.8	+10.9	+11.2
Magazines	+ 9.0	+ 9.0	+ 9.5	+ 8.7	+ 9.0
Newspapers	+ 6.6	+ 9.2	+10.3	+11.9	+10.6

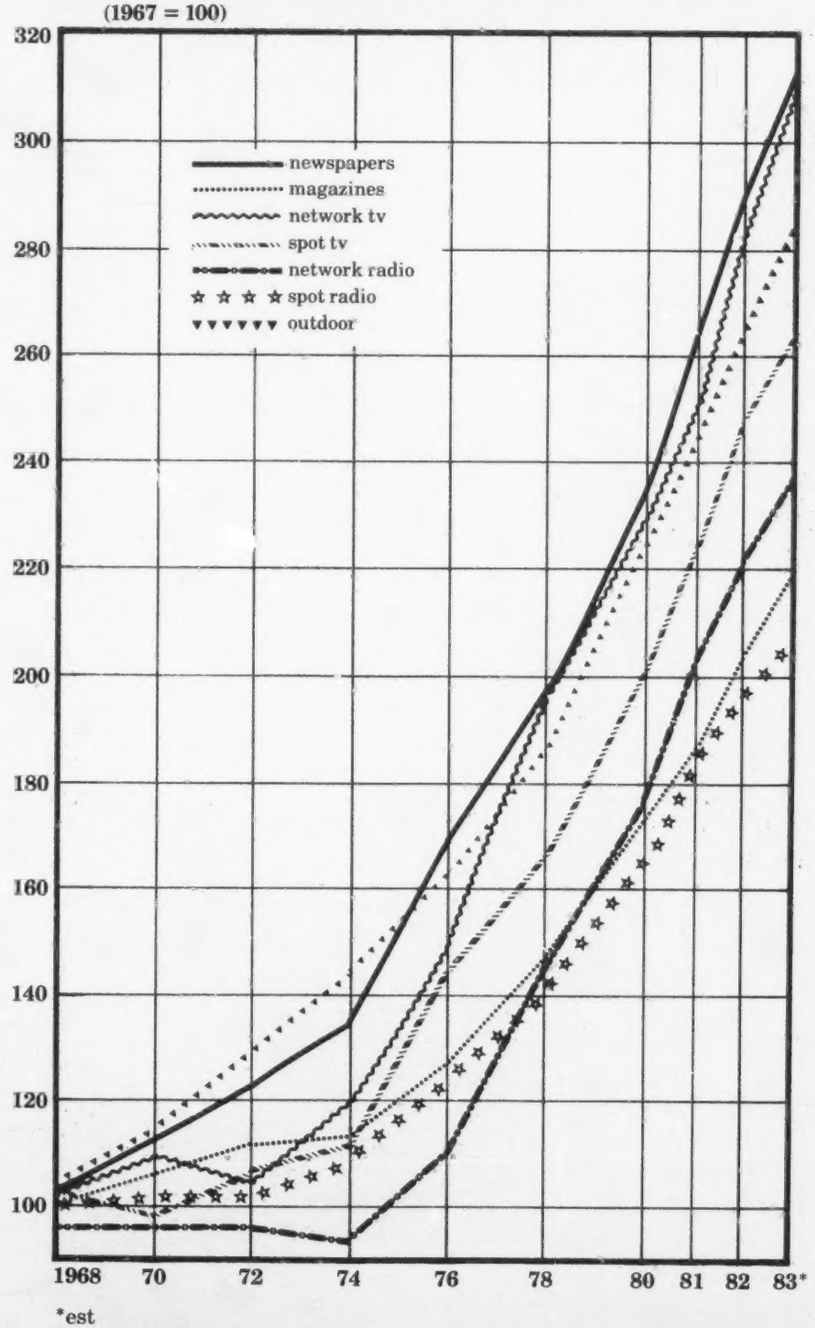
Source: McCann-Erickson

Various cost indexes



*est
Source: McCann-Erickson

Media cost per thousand indexes



*est
Source: McCann-Erickson

MAKE YOUR MARK IN MEDIA

use our unique magazine page notcher to direct attention to the ad or article of your choice.

It's great for indexing newspapers, books, rate cards, reports and sales presentations too.

This 10 oz. die-cast aluminum marketing tool looks just like a pair of pliers and cuts a half-inch wide U shaped notch into any kind of paper. It even comes with an adjustable depth gauge that allows you to vary the size of each notch according to your needs. It's the ideal tool for all sorts of agency, publishing, marketing and sales uses.

Send **$29.95** for each page notcher you wish to order—**$25.00** each on orders of 6 or more—and allow two weeks for delivery via UPS. Ohio residents, please add 5.5% sales tax. **Charge Orders:** Include VISA or MASTERCARD number, expiration date, signature and telephone number.

The WRITER'S TOOL SUPPLY
7404 Constitution Drive,
Suite 100 Cincinnati, Ohio 45215

Media costs

(Continued from Page M-22)

Newspapers

Newspaper advertising rates are now more than three times higher than in 1967, and by next year the unit price index for newspapers is expected to average 335 or 3.35 times the 1967 rate. However steep this rise has been, it still trails three other media—network tv, spot tv and outdoor, which will have index numbers of 405, 339 and 360, respectively, in 1983.

The broadcast and the outdoor media have experienced audience growth in direct proportion to population growth but newspaper circulations have not kept pace with the population.

Thus, we see that newspaper cpms have risen faster than the cpms of all the other major media except network tv, which trails slightly with a 309 mark.

Retailers account for most of the newspaper advertising, and they are experiencing great difficulty in meeting these higher rates. Most retailers are experiencing intense price competition for softening consumer sales and will not pay higher newspaper prices. The result has been a significant decline in newspaper linage in the past year.

Magazines

Until the middle of the 1970s, the index of magazine costs trailed far behind the indexes of the other media because of the decline in demand for magazine space. Magazines were not able to raise their ad rates; instead, they were forced to seek needed revenue from their subscribers and newsstand purchases. Magazine rates began to move upward in the closing years of the decade, but prices this year are only slightly more than twice their 1967 level, while most other media prices have nearly tripled.

The magazine industry has had a price story to tell, but large "catch up" price increases of recent years have apparently turned some buyers away. Many magazines are again finding it difficult to attract the advertising page volume they need to survive with a profit.

In 1983, many of the magazines that have suffered large page volume losses will be concerned about losing more pages if they raise rates and, on the other hand, losing needed ad revenue if they don't. Some marginal publications could get caught making the wrong decision. Moderation in media rates is likely to show up soonest in the magazine industry.

Network tv

Network tv accounts for the largest item in the national advertising budget. Economics of scale make network tv far more efficient than spot tv as a means of forcefully reaching mass markets.

The limited supply of network time results in a supply/demand relationship that frequently favors the seller. Nevertheless, there is a limit to what the traffic will bear.

Whatever the limit is, it does not appear to have been reached in this year.

The medium is expected to post the highest cpm increase of all the major media in 1982—about 12%. Although network tv demand appears quite strong right now, it may have reached its zenith. Buyer resentment to high prices is growing, and demand could begin to slip.

Tv networks have been losing share of viewing at a rate that exceeds most projections based merely on cable tv growth. They are also losing audience to the nonnetwork stations, whose viewers are apparently finding little differences between old movies on the networks and old movies on independent stations. The time table for change in the networks' dominant position may be considerably shortened if the incorrect pricing strategies are followed in the next few years.

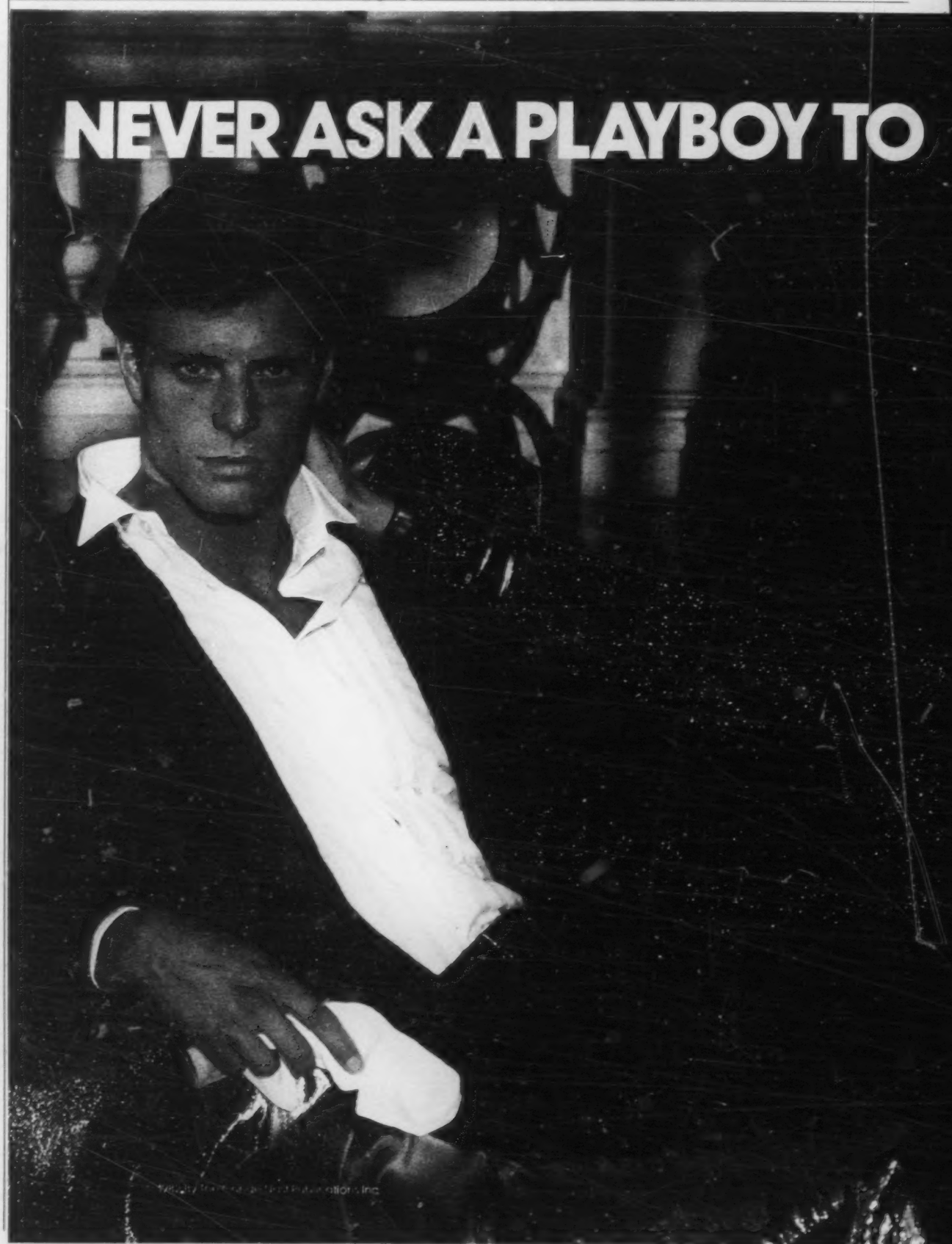
Media unit cost trends

(1967 = 100)

	1979	1980	1981	1982	1983*
Newspapers	226	249	279	308	335
Magazines	166	183	201	219	234
Network tv	280	302	329	368	405
Spot tv	230	255	286	317	339
Network radio	191	214	244	268	292
Spot radio	173	192	215	232	248
Outdoor	250	275	303	330	360
Composite	222	244	271	300	325
National	224	246	271	300	326
Local	220	242	271	299	324

*Estimated

Source: McCann-Erickson



Spot tv

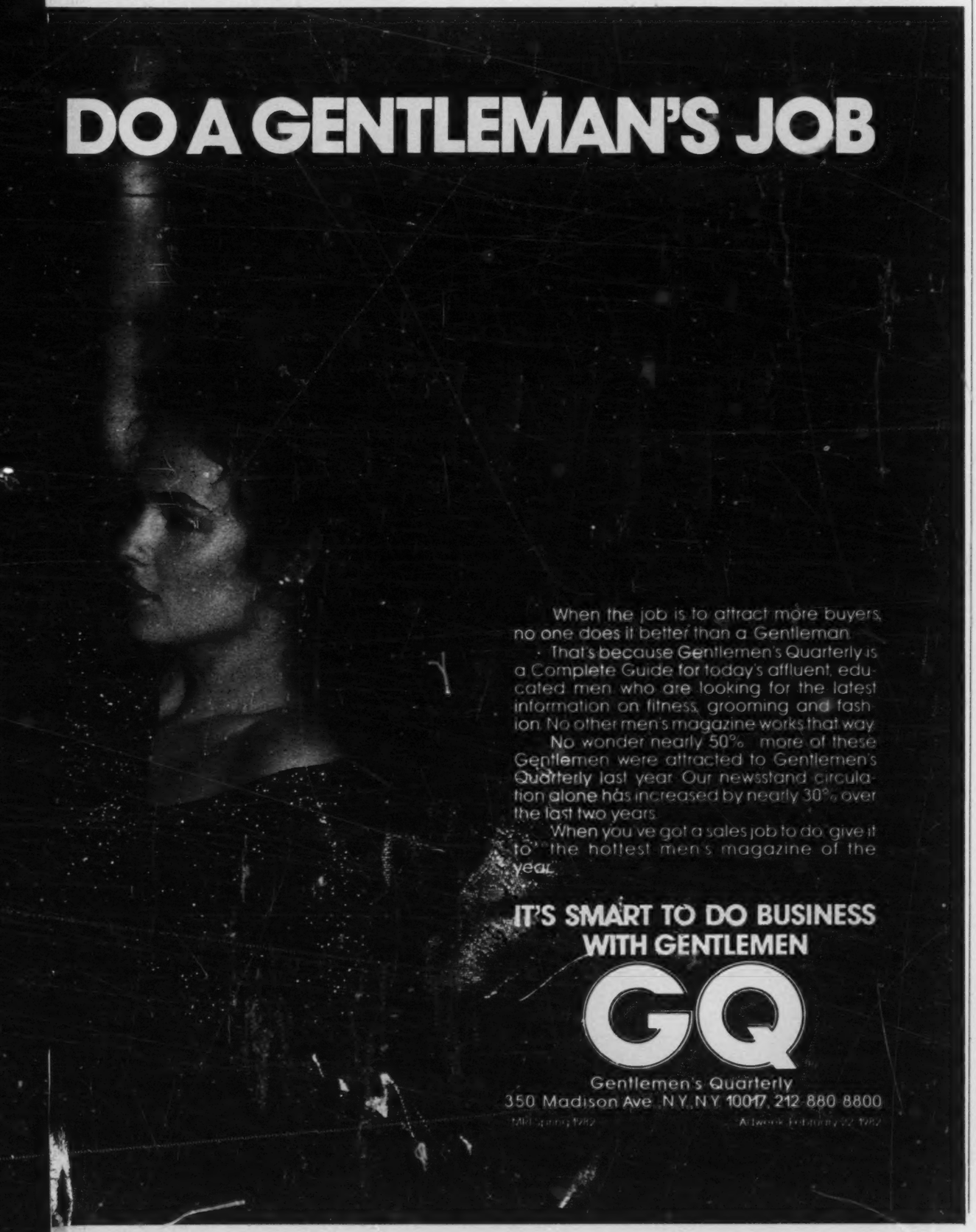
The price of tv spots, or nonnetwork tv time, is determined by short-term supply and demand conditions. The underlying base rate in each market is directly related to the size of the market and the national network cpm. Many advertisers honestly believe that recent spot tv price increases in some markets have been obscene. This year, when over-all inflation is declining to between 5% and 6%, and retailers have barely matched last year's sales figures, tv stations in many markets have raised their rates by 10% to 15%. Political advertising, product rebate ads and redirected network funds fueled the demand for local spots, and many stations responded with excessive rate increases.

If spot rates continue to rise faster than the general inflation rate through the next few years, there could be a slide in the other direction for an extended period of time. A significant drop in network tv's dominance would adversely affect the entire price structure of the spot tv medium. A dilution in the short-term special demand conditions that existed this year could also lead to a reversal in the spot tv pricing spiral.

Media cpm trends
(1967 = 100)

	1979	1980	1981	1982	1983*
Newspapers	213	235	263	291	316
Magazines	158	173	188	205	219
Network tv	215	231	251	281	309
Spot tv	183	201	223	248	263
Network radio	161	178	202	220	237
Spot radio	149	164	182	195	207
Outdoor	202	222	242	262	283
Composite	195	212	237	260	280
National	189	207	227	252	272
Local	202	222	248	271	295

*Estimated
Source: McCann-Erickson


DO A GENTLEMAN'S JOB
When the job is to attract more buyers, no one does it better than a Gentleman.
That's because Gentlemen's Quarterly is a Complete Guide for today's affluent, educated men who are looking for the latest information on fitness, grooming and fashion. No other men's magazine works that way.
No wonder nearly 50% more of these Gentlemen were attracted to Gentlemen's Quarterly last year. Our newsstand circulation alone has increased by nearly 30% over the last two years.
When you've got a sales job to do, give it to the hottest men's magazine of the year.
IT'S SMART TO DO BUSINESS WITH GENTLEMEN
GQ
Gentlemen's Quarterly
350 Madison Ave. N.Y.,N.Y. 10017. 212 880 8800

Radio

About 95% of all radio advertising revenues are accounted for by nonnetwork, or spot, time sales. The price of spot radio commercials is dominated by the demand conditions among local advertisers, who account for more than 75% of spot sales. In the last few years the demand at the local level has been generally flat, and in some economically depressed markets, prices have declined.

If you visualized the cpm trends of the major media, the spot radio component would be running lower than all other media in recent years. This year radio ad demand picked up because of the product rebate campaigns and political ads. Unfortunately, many stations responded by raising rates significantly, even though their major customers, the local retailers, are experiencing disastrous business conditions.

Ultimately, radio could benefit by a decline in over-the-air tv audience levels, especially if excess tv pricing continues.

Outdoor

The index of outdoor unit costs is expected to reach 360 by next year. The cost of a 100 showing in a typical market will be 3.6 times as much as it was in 1967. Of course, population has risen since 1967, and the cpm index for 1983 is estimated to reach 280.

Because of the relatively strong demand and limited supply situation, outdoor rates have been pushed upward in many markets at a much faster pace than inflation. The explanation had been that labor and energy expenses necessitated above-average price increases. If this is really true, then prices should remain flat or decline in the near future.

Summary

The pricing trends for each medium differ over the short range, but in general, each has a definite relationship to the general inflationary spiral.

In the first half of the 1970s, advertising unit rates rose slower than inflation, while most media audiences increased. The price of advertising was indeed a bargain when compared with other business costs.

From 1967 to 1980 the price of advertising units and messages rose faster than the general inflation rate, but it still hadn't caught up to the levels of most other costs. Advertising was still a bargain, and the test of the marketplace justified its efficiency as a marketing tool.

In the last few years even greater evidence of advertising's power has emerged, but double-digit media rate increases cannot continue in an economy where general inflation rates are in the 5% to 8% range.

Radio: It's no average medium

By J. Fred MacDonald

Contrary to what the Chicken Littles of the broadcasting industry have been warning, the sky is not falling on the radio advertising dollar.

In spite of sizable drops in retailing, stagnant basic industries and record unemployment, industry mavens report favorable signs for the coming year. In fact, according to Natalie Swed, manager of network radio at BBDO, it is precisely during a time of economic retreat that radio becomes an advertiser's most effective investment.

Radio can target an audience and deliver a commercial message with more efficiency than any other medium, she points out. "More than ever before," she says, "clients seeking dollar-stretching opportunities are looking at radio." Based on the current level of business at BBDO, she predicts that "1983 will be a good year."

Kenneth Caffrey, senior vp-executive director of media operations at Ogilvy & Mather, talks about the subjective appeal of the medium. "Radio is personal," he says. "It is an indispensible part of the American life style. It will fit in no matter how we arrange our lives." Mr. Caffrey further notes that although the economy has softened some commitments, radio continues to attract new advertisers. And long-term clients—who could have held back—are still sticking with radio.

According to Miles David, vice-chairman and chief executive officer of the Radio Advertising Bureau, radio ad revenues are continuing to rise. "In 1981, we had a growth of 13.8%, and this year we will realize approximately 10% improvement," he says. "And 1983 will be better than this year. We will have to fight for it, but we will achieve it."

One of radio's major weapons, says Mr. David, is the walk-along radio. Already, 6% of the population owns such receivers, and he foresees that figure reaching 20% to 25% in a few years. More important, he says, these radios are powerful sales devices. They are popular with middle-income consumers; they deliver commercials with greater impact because they wrap the listener in sound, and they stimulate increased listening: Owners of walk-alongs use radio 24% more than they did before purchasing such receivers.

If many in the broadcasting and advertising industries have been fearful of the protracted economic slump, they have been downright terrified by the challenge from the new electronic technologies. In a world of videogames, home computers and videodiscs, those concerned with radio revenues have been especially frightened by the spread of cable tv.

Typically, a May, 1982, report by Ogilvy & Mather referred to cable tv as "the coming storm," an "adversary" with a proven record of "siphoning local advertising dollars away from radio." The report spoke of "cable's threat" and drew parallels between the present situation and the devastation that network radio suffered when video first emerged in the early 1950s.

The O&M report suggested that because of "the coming fight for local advertising dollars," independent stations might consider affiliating with a national network "to counter cable's inroads."

However, the record of cable tv over the past four years does not justify such fright. "The cable threat is coming to a screeching halt," says Louis Severine, vp-director of sales with ABC Radio Networks. "Cable has no national penetration. It cannot justify audiences and many agencies are hesitating to bind their clients to long-term cable commitments."

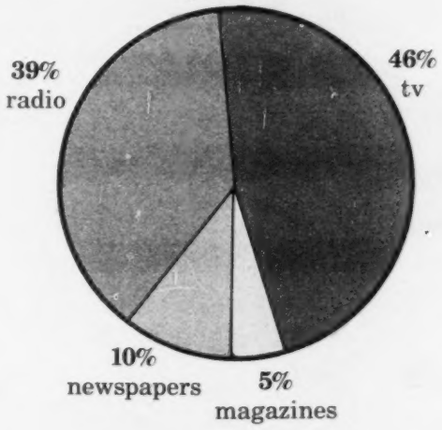
Where cable has gained high penetration, it has not hurt radio billings. In Tulsa, Okla., some 102,000 customers (250,000 daily viewers) subscribe to one of the nation's most mature cable systems—Tulsa Cable TV. Tulsa Cable delivers 35 television channels and dozens of fm

(Continued on Page M-36)

J. Fred MacDonald, a professor of American cultural history at Northeastern Illinois University, Chicago, is also a radio broadcaster for Chicago radio station WBEZ. He is the author of "Don't Touch that Dial!" a history of radio programing from 1920 to 1960.

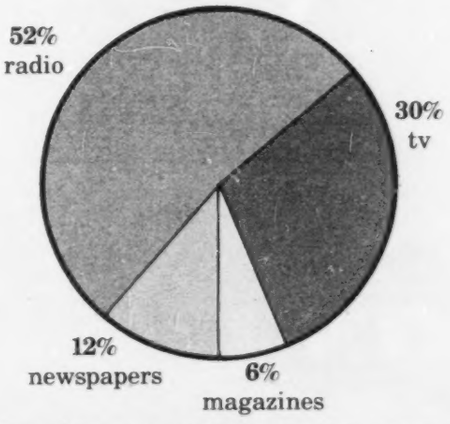
Radio and tv in share-of-time

Share-of-time spent with 4 media, average 24-hour day
persons 12+



Radio: No. 1 daytime share-of-time medium

persons 12+ (average weekday)



Source: "Target Marketing and the Media," an R. H. Bruskin Associates study commissioned by the Radio Advertising Bureau.

Right on target

At a time when target marketing increasingly is becoming the favorite local, regional and national strategy, radio remains an effective and popular medium through which to direct commercial messages.

That is the general conclusion of a statistical report issued last month by the Radio Advertising Bureau—the first study in more than 20 years to measure, simultaneously, daily exposure to the four major media.

Entitled "Target Marketing and the Media," the report compares the relative reach and share of media time of radio, tv, newspapers and magazines. It was prepared for the RAB by R.H. Bruskin Associates from a nationwide survey of almost 1,300 respondents at least 12 years of age.

Among the more striking conclusions in the report is that from 6 a.m. to 6 p.m., media users spend more time with radio (52%) than with tv (30%), newspapers (12%) or magazines (6%). Indeed, this figure is even higher with certain strategic audiences.

With professional and managerial males, for example, the figure is 64%. It is 60% with fulltime working women and with households earning at least $30,000 annually.

Because of its portability, moreover, radio has a competitive edge over other media in out-of-home usage. More than 85% of all automobile commuters 18 years and older listen to radio, and commuters listen for 92% of their drivetime. Almost 60% of those at least 18 years old report that radio is available at their place of employment. And 84% of those interviewed average almost four hours per day listening on the job.

And because of its ever-present nature, radio reaches consumers closer to time of purchase than any other medium.

—*J.F.MacD.*

Magazines

(Continued from Page M-33)

the wrong areas at the wrong time," says one consultant. "If they had set their sights a little lower, counted less on newsstand and started off a little slower, they would have made it comfortably. They got cold feet because they didn't meet expectations."

Counting too heavily on newsstand sales hurt Washington Post Co.'s *Inside Sports* as well, according to several analysts. A national competitor to *Sports Illustrated*, the publication's rate base was calculated on a readership never attained, and there was no backing down on the ad rates when *Inside Sports* failed to achieve expected readership levels. It was sold.

Ultra, on the other hand, managed to focus in on a defined audience (the rich), in a defined area (the state of Texas) with defined (expensive) tastes. Started in 1981, it already has had up to 97 ad pages an issue.

However, the recent rapid-growth areas of the publishing field—vertical self-interest magazines and those that are of regional special interest—may be close to being saturated. And few categories are primed to take their place, say consultants.

No magazine in the videotechnology field has taken off, for example, despite more and more people buying videocassette recorders. It doesn't seem to be an area, explains magazine consultant Mr. Grossman, that has sparked the same kind of interest as did the stereo field. Many of the sports and recreational fields, he adds, now have their respective magazines and, unless a major and long-lasting new sport is introduced, there may be little room for more of these publications.

"I don't see any new frontiers for either subjects or ways of selling—like grocery store checkout counters represented in the '70s," says Ken Noble, media industry analyst with Paine Webber, New York. "I think the 1980s are going to be a lot more difficult for magazines than the 1970s were. Unless we see a real economic turnaround, there will be a consolidation of the business and no significant expansion in the number of publications."

However, there is one publication that seems close to a sure bet. And it hasn't even appeared. The marketplace has been clamoring for a national publication rounding up cable programing, and the financial rewards for the publisher who successfully creates a *TV Guide* of the cable industry are potentially staggering.

But Time Inc. is attempting it and is scheduled to introduce *TV-Cable Week* sometime in 1983. However, many consultants agree that the category of national listings of cable programs has room for only one magazine and probably won't yield a plethora of publications.

So there does seem to be potential for new publications in untapped categories that have a more limited audience.

But advertisers, agreed many agency executives, are still trying to figure out the best way to use the advantages of vertical books. Some, says Cunningham & Walsh's Mr. McDonald, are tailoring ads to individual publications to maximize impact. "We'd rather appear in a lower-circulation magazine twice than a big-numbers publication once," says Bob Spaulding, senior vp-media director of D'Arcy-MacManus & Masius's Bloomfield Hills, Mich., office. "We like numbers sometimes, but we also like to see a quality readership and more affordable rates. That impresses us just as much."

Feisty small paper's moxie shakes 'em up

Philadelphia's Welcomat *even takes its advertisers to task*

By Jeffrey Heller

To be a part of the newspaper business these days might be a little depressing. Everyone seems to be fighting everyone else, slugging it out with audited circulation figures and readership surveys to compete for readers and advertisers.

However, one of the more refreshing aspects of this particular industry is the innovation and imagination of its devotees. Allen Neuharth and his Gannett's *USA Today* is one example. But the examples are not always on such a large scale.

In Philadelphia, there is a paper that is trying to break out of its controlled circulation format by combining the charm of a "little" weekly with the impact of a major daily. It is called the *Welcomat*. And despite its humble origins as a "bulletin board" for center-city residents, *Welcomat* is emerging as the most lively little paper in town and possibly as a vanguard in the future of big-city publishing.

Early in 1981, *Welcomat* faced steadily rising costs and stagnant advertising revenues. For 10 years, the paper had been distributed free to center-city homes, apartment houses and office buildings; circulation stood at 31,500 copies.

"We couldn't afford to print more papers and give them away for nothing without increasing ad rates dramatically," says general manager Larry Singer. "And we didn't want to do that." After a rate increase in September, 1981, he says, "we have held firm."

Since that time, *Welcomat's* staff has taken several decisive steps to increase revenues. Although it is distributed free in the center-city area, it is now also being sold for 25 cents on newsstands in center city and throughout the Delaware Valley. (This area includes southern New Jersey and four neighboring counties in Pennsylvania.) So far, says Larry Singer, newsstand sales have reached only about 1,000 copies. To raise that figure, he's considering the use of radio promotion and newsstand place cards.

Welcomat has also been expanding in size to increase its volume of advertising, rather than concentrating on fewer and more expensive ads. "Last September," says Larry Singer, "we ran a 24-page issue and three 32-pagers; so far this September, we've run a 35, a 48 [second-largest issue ever] and a 44."

This has helped to retain *Welcomat's* traditional advertisers, including restaurants, small retailers and travel agencies.

With *Welcomat's* larger size has also come a revamped and cleaner look, thanks to a new, parttime art director. Now, for example, editorial material fills two-thirds of the first four pages instead of just the front page. "The paper has made remarkable forward movement graphically," says Charles Domsky, president of Domsky & Simon Advertising Agency and a longtime advertiser in *Welcomat*. "There's a level of sophistication in the advertising that separates *Welcomat* from other neighborhood publications in Philadelphia."

Evangeline Bousmanis

Dan Rottenberg glances up from the product he has helped transform. It is now, he says, "a forum where anyone with something intelligent to say can say it."

Finally, *Welcomat* has made critical changes in its editorial content. "In the past," says Larry Singer, "*Welcomat* ran as close to 70% advertising as it could get; now we're trying to keep it between 60% and 65%." More important, many readers believe the quality of the news articles and features has risen meteorically since editor Dan Rottenberg came on board in late 1981.

"Dan Rottenberg has improved the paper a great deal," says Edwin Guthman, editor of the *Philadelphia Inquirer*. "He's certainly made it more interesting than a typical throwaway."

A successful free lance journalist and former magazine editor, Mr. Rottenberg was persuaded to become *Welcomat's* parttime editor because, he says, "my most satisfying experiences have been with little publications."

Mr. Rottenberg is now aided by one fulltime assistant editor. But his budget for free lancers, while somewhat increased, remains minuscule compared with the budgets at the local major dailies. So he attracts writers (and readers) by offering his paper as "a forum where anyone with something intelligent to say can say it. We aim to stimulate ongoing discussion, instead of trying to make every article a definitive truth. Reading *Welcomat* is like having a bunch of intelligent people in your living room, arguing with each other and sharing ideas."

Mr. Rottenberg is not above

Jeffrey Heller is a Philadelphia, Pa.-based writer who specializes in medical and business writing.

Radio

(Continued from Page M-34)

radio stations. But radio advertising revenues have not been adversely affected.

At KRAV-FM and KGTO, for example, time sales totals are up 40% over last year. "Cable tv has not affected our sales one iota," says John Hurt, assistant general manager of the outlets. "Certainly, we have had to work harder, hire better people and offer better services to our clients, but in four years of worrying about cable, I can't think of one account we ever lost or had to split because of cable."

One service that might confront local radio most directly is the delivery of fm radio via cable. For an extra fee subscribers of Tulsa Cable can receive through their stereo radios three Dallas stations, one from Fort Worth, a Chicago fine arts station, the audio from Music Television, Home Box Office and Cinemax, as well as several local stations and an inhouse musical outlet. Nevertheless, fewer than 6% of Tulsa Cable customers have requested this service.

Although the anxiety over cable tv is understandable, it is too simplistic to focus only on the competition between radio and cable for ad dollars. Radio has found a niche in American society that cable cannot destroy.

Because 60% of radio usage comes out of the home—especially in the morning and afternoon drivetimes—cable cannot dent this major portion of radio's appeal. The targeting, frequency and penetration offered by radio are not matched by cable. And in this time of great turnarounds in the marketplace—from sudden price changes to competitive promotions—radio offers advertisers a rapid reaction time not matched in any form of video.

The real struggle is for time on the tube. Cable's chief rival is conventional tv, not radio.

That cable tv has not diminished the appeal of radio is demonstrated in a report, "Target Marketing and the Media," issued last month by the Radio Advertising Bureau. The report, conducted in the spring of 1982 by New York-based R.H. Bruskin Associates, substantiates the continued popularity of radio with Americans. In the national audience of people 12 years of age and over, 46% of the "time using media" is spent with tv; the figure for radio is 39%. The total for newspapers is 10% and for magazines 5%. Even more significant, in certain prime audiences, radio outranked tv. With those in families making more than $30,000 annually, radio was 44% and video was 36%. And among fulltime working women, the figures were 44% for radio and 41% for tv.

Despite highly publicized failures, network radio is also on the upswing for 1983. The recent scuttling of ABC's Super Radio network before it was launched was not the result of advertiser reluctance. Instead, according to one industry leader, network fees were too high and the affiliates rejected the project.

There are, however, 17 networks currently operating. More are expected next year. These networks consist of packages of news, sports, talk, music and other features supplied to affiliates with specific audiences in mind. Thus, NBC's "The Source" is for adult contemporary music stations, and ABC's "Directions," with its news and interviews features, is for stations attracting older audiences.

At ABC, with its six networks servicing 2,000 stations via satellite transmission, the future is bright for 1983. For Louis Severine, it is the upfront money from advertisers that is important. "Upfront dollars cover 50% to 55% of our revenues for the broadcasting year," he says, "and we are beginning to approach that figure for 1983."

The bottom line on advertising on radio, he says, is that "advertisers like it, there is no spillover, no waste." VN

Radio: The first news source for target audiences 6 a.m.-10 a.m.

	College graduates	HH income $30,000+	Prof./mgrl. males	Fulltime working women
Radio	56%	56%	56%	68%
Tv	15	14	16	20
Newspapers	23	25	24	8
Other/none	6	5	4	4

	Movie goers	Airline travelers	Credit-card users	New-product user (venturesome)
Radio	60%	58%	54%	53%
Tv	18	18	19	25
Newspapers	17	20	23	16
Other/none	5	4	4	6

Source: "Target Marketing and the Media," an R. H. Bruskin Associates study commissioned by the Radio Advertising Bureau.

C2710-1 4/17/83

Avedon as marketer
See Magazine

Advertising Age

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$1.25 a copy; $50 a year | The International Newspaper of Marketing • In Two Sections, Section 1. | November 15, 1982

Staff photos by Mary Cairns.

Ushering in the new leadership

Gillette's Thomas Ryan (l.) appears delighted as he hands over Assn. of National Advertisers leadership to new chairman John Dowd (c.) of Hershey Chocolate Co. and new vice-chairman Robert Goldstein, Procter & Gamble. (*Mr. Dowd's agenda and other ANA news on Page 12.*)

Ad budgets 'hanging in' in '83

PALM BEACH—Presumably out of fear of being burned—from either side—major marketers are planning modest increases in ad budgets for 1983.

Still stinging from lessons learned when they clipped spending during the last recession, yet too uncertain of the economy to really let loose with funds, marketers surveyed at the Assn. of National Advertisers annual meeting here expect expenditures to hold steady, possibly at the rate of or slightly faster than inflation.

The sentiment of most marketers contacted in an informal ADVERTISING AGE survey was captured in a comment by Robert E. Haynes, director of creative services for General Foods: Spending will be stable, he said, "we're hanging in there pretty well."

Although for the most part advertiser interest in cable is not yet cutting into budgets traditionally allocated to the mass media, it is clear the new technology is being taken very, very seriously. Nearly every company contacted said it has been dabbling in the medium.

For example, George (Pete) Tyrrell, vp-advertising, corporate staff, Johnson & Johnson, stated that although his company's involvement in cable tv may have started out as token, "it's not token anymore."

While Kraft Inc.'s network spending will "probably be about the same," said James Blocki, vp-director of advertising and creative services, retail food group, and the cable budget will remain "supplementary," the company will continue to experiment with cable. To date, Kraft has developed special ad-

(Continued on Page 77)

ANA coverage by editor Todd Fandell, New York news editor John J. O'Connor, assistant managing editor Larry Edwards and reporter Jennifer Alter.

FCC issue kept under wraps

ANA plans to oppose nets' syndication

PALM BEACH—The three major tv networks' concerted bid to get back into the lucrative $800 million-plus domestic syndication and co-production business was dealt a potentially severe blow here by the Assn. of National Advertisers' tv committee.

Despite strenuous efforts on the part of ANA officials to keep the committee's recommendation under wraps, word leaked out at the organization's annual meeting that it favors keeping the networks frozen out—in other words, it is for retention of the Federal Communications Commission's financial interest and syndication rule, the regulation that bars ABC, CBS and NBC from participation in program syndication in the U.S.

In the early days of the meeting, ANA was treating the issue with extreme sensitivity. It did not enter open discussion until the last day, during a panel session that included NBC chairman Grant Tinker and Motion Picture Assn. of America president Jack Valenti.

Although the matter still must be voted upon by the ANA board at a meeting Jan. 13 to 14 in New York, the committee's action should elate the Committee for Prudent Deregulation, comprised of syndicators, producers and independent stations.

It is believed the newly expanded board did approve in principle the panel's position, in preparation for the final decision in January. The advertisers' stand opposing repeal becomes even more significant if, as expected, the ANA decides to file formal comments with FCC; its tv committee is understood to be urging a strong lobbying effort against repeal. All parties have until Jan. 26 to file such comments on the networks' request to repeal the 1970 rules that permit them to syndicate shows abroad but not at home. The rules also limit their co-financing of the programing made here for their own airing.

According to a source, a majority of the 30-member tv committee, headed by Harry Way, media

(Continued on Page 76)

Young & Rubicam's Ed Ney sides with networks—Page 76; FTC again makes plea to ANA on ad substantiation—Page 3.

Card-activated system, ATMs studied

Automated gas pumps?

By ROBERT RAISSMAN

The major oil companies are seriously studying the possibility of moving to credit card-activated gasoline pumps that not only could radically change their retail operations, but lead to a linkage with shared automated teller machine networks across the country.

The primary concerns of oil company execs pondering the shift centers on consumer acceptance, the cost of the systems and whether the systems should be activated by their own credit cards, a bank's debit card or some type of combination card.

Even without the participation of the shared ATM networks, oil company execs believe that the card-activated systems could cut the cost of handling credit, reduce fraud and bad debts and lower processing costs.

"We've had discussions with many of the major oil companies concerning how they are going to interface with electronics and no one is really taking any definitive directions," said John Russell, vp-marketing director for Banc One Corp., Columbus, O.

A senior exec at a Texas-based bank, who declined to be identified because his institution is talking with oil companies interested in linking a bank network and a card-activated system, was more positive.

"Every one of the oil companies is positioning itself" for card-activated systems, he said. "What they are doing now is trying to determine what banks and what people are going to run those systems for them and what type of card they want to accept."

When these card-activated systems will appear broadly on the market also is a matter of debate. Some bank execs predict they will be seen by mid-1983, while oil company execs say anywhere from two to 10 years. Industry analysts have said that within three to five years self-service pumps will be the primary source of gasoline sales in the U.S. Half of those sales, they say, could be activated by either the credit or debit card.

A fully automated station—where there would be no atten-

(Continued on Page 78)

M S NEWSPAPER
AA
DC2001#CONGLI
CONGRESSIONAL INFO SERVICE FMJF
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

last minute news

Jovan will introduce two new fragrances

CHICAGO—Jovan Inc. will announce two new fragrances at a New York press conference this week. One will be a product for men called Gambler; the other is for women, called Lady. Both introductions are being handled by JWT.

Masson to move ad, marketing duties to N.Y.

SARATOGA, CAL.—Paul Masson Vineyards will shift top marketing and sales responsibilities to the New York headquarters of its parent, Joseph E. Seagram & Sons, by March 1. Masson execs will be given the option to make the New York move or be replaced. The effect of the move upon agency DDB/West, Los Angeles, has not been determined, but sources say it is likely that creative responsibilities will shift to DDB's New York office.

McDonald's readies 'togetherness' campaign

OAK BROOK, ILL.—McDonald's Corp. has settled on "Together, McDonald's and you," as the theme for its new national advertising campaign planned for launch in early 1983 (AA, Nov. 1). Leo Burnett USA, Chicago, is the agency.

Stroh moving national with Schaefer brands

DETROIT—Stroh Brewery is beginning a national rollout of Schaefer and Schaefer Light beers. The brewery has informed distributors that the first step will occur within the next two weeks, when the brews will be introduced in the Chicago area, according to industry sources. MCA Advertising, New York, handles.

(Continued on Page 8)

Movie Channel sale perils HBO pay lead

By SUSAN SPILLMAN

NEW YORK—Three major motion picture companies that have been attempting to break Home Box Office's stronghold on the pay tv industry finally positioned themselves for such an assault last week. They purchased equity in The Movie Channel, the cable network jointly owned by American Express and Warner Communications.

After several months of on-and-off negotiations, MCA-Universal, Paramount Pictures Corp. and Warner Bros. shelved their corporate egos long enough to reach an agreement under which each will purchase an equal portion of the third-largest pay tv network. American Express will maintain what is presumed to be a lesser portion of the 2-year-old cable service. The new partners stated that The Movie Channel's present management would remain.

For the past several years Home Box Office, by virtue of its sheer size, has been able to get Hollywood to sell it films at prices that studio executives consider to be ridiculously low. But because HBO's subscribers account for about 60% of the total pay tv audience, not to sell to that network would have meant greater losses.

And studios now need pay tv to make up more of their revenues. The exposure of films on pay tv has prompted the broadcast networks to cut back on the number of movies they buy each year as well as the prices they pay for such fare.

The Movie Channel's new partners each plan to license their motion pictures to The Movie Channel on a nonexclusive basis. Each title also will be made available to all other pay tv services. Nonetheless, The Movie Channel could well wind up being the sole pay tv exhibitor of those studios' wares. According to Anthony Hoffman, entertainment analyst for A.G. Becker, the partners will sell their films to The Movie Channel at prices too high to be attractive to rival networks. This will enable them to get their desired film prices. And while the plan initially will impact The Movie Channel with greater losses, it is expected to eventually turn a heavy profit as its de facto exclusive product amasses it greater numbers of subscribers.

HBO's dominance will not

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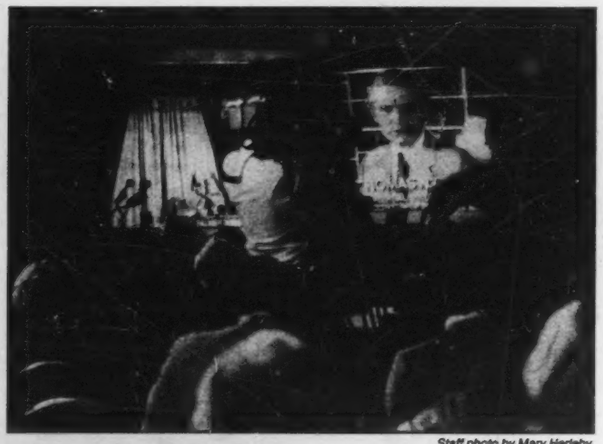

Staff photo by Mary Harlehy.

Press package

More than 1,000 reporters in 30 cities attended a closed-circuit press conference by Johnson & Johnson to introduce new packaging for Tylenol. Scene above is in Chicago's Palmer House, where some 100 press representatives gathered. New Tylenol packaging (left) will include (1) glued flaps on box, (2) plastic neck seal and (3) inner foil seal, plus warning about broken seals.

Couponed newspaper ads planned

New Tylenol package in national press debut

By NANCY GIGES

NEW YORK—In the next step of its carefully calculated, seemingly faultless Tylenol rehabilitation program, Johnson & Johnson chairman James E. Burke told of plans to have Tylenol capsules back on the market within a matter of weeks in a triple safety-sealed, tamper-resistant package.

He and other company execs unveiled the new package and other plans for the product at an unprecedented national press briefing via closed-circuit video. The telecast originated here and was carried live by satellite-tv transmission to more than 1,000 media representatives in 30 cities. After Mr. Burke's prepared remarks, reporters in five locations, New York, Philadelphia, Washington, Chicago and Los Angeles, were able to ask questions that were telecast throughout the closed-circuit system.

J&J and its McNeil Consumer Products Co. subsidiary's plans include:

- Newspaper ads running Nov. 21, Nov. 28 and again in December offering consumers a $2.50 coupon for any Tylenol product to replace any product they may have discarded. Consumers also may receive the coupon by calling a toll-free number.
- Completion of distribution of newly packaged capsules by year's end. The protection includes glued flaps on the outer box, a tight plastic neck seal and an inner foil seal over the mouth of the bottle. In addition, a bright yellow warning label reads, "Do not use if safety seals are broken."
- A "continue to trust Tylenol"-type ad campaign due to break before year's end. It will be similar to the earlier commercials featuring McNeil Consumer Products Co. medical director Tom Gates (AA, Oct. 25). Choice of a spokesman has not been completed, but it is expected to be someone from within the company. Compton Advertising will handle.
- Resumption of product-oriented advertising early next year.
- Probable repackaging of many J&J consumer products, including toiletries, in tamper-resistant containers.
- Meeting with Chicago Mayor Jane Byrne early this week to persuade her to lift the total ban on the sale of Tylenol products in that city. Seven people in Chicago and its suburbs died after taking Tylenol contaminated with cyanide.

Asked whether the company had considered at any point marketing the product under another name, Mr. Burke said although management looked at all options, there was never any intention other than to rebuild the brand. Surveys in the past five weeks have further convinced the company that there is a core of loyal users who want the product in capsule as well as tablet form. He suggested that to introduce the product under another name could very well be misleading anyway.

The most recent surveys this

(Continued on Page 78)

highlights

Monday, November 15, 1982

President Reagan's nominee for the FTC, George Douglas, says he supports changes in the regulation of advertising. *See Page 16.*

Norton Simon Inc.'s annual meeting hears of some improvement in the company's performance, but a tough first six months of 1983 may still lie ahead. *See Page 18.*

B.F. Goodrich is putting more power behind auto racing programs to reach a small but influential segment of the market. *See Page 28.*

Esquire's 50th anniversary next year will be marked by two blockbuster-feature special issues. *See Page 32.*

The Government Printing Office has unveiled plans for a marketing campaign to position itself as a source for reasonably priced books and other publications. *See Page 36.*

Knoxville civic leaders are hoping the promotion for its World's Fair will continue to pay off in increased tourism, convention bookings and industrial growth. *See Page 45.*

TAG Cable Advertising Directory debuts as a quarterly information resource for the industry. *See Page 60.*

Corning Glass Works next March will introduce two sunglasses brands, backed by over $6 million in ads. *See Page 62.*

Woman's Day creates a coupon-based fund to help raise money for female athletes who seek to participate in the Olympic Games. *See Page 62.*

A post-buy analysis on the 1982 third quarter by Dancer Fitzgerald Sample has found summer prime time slippage not only in the tv networks ratings, but also in pay cable's strength. *See Page 62.*

Pontiac is hoping that Fiero, its snappy sportster for 1984, will appeal to more than the two-seater set. *See Page 70.*

Playboy Enterprises' economic woes didn't visibly trouble most stockholders at its annual meeting in Los Angeles. *See Page 71.*

A Montgomery Securities analyst has expressed "serious reservations concerning the potential success" of Walt Disney Productions' upcoming pay cable network. *See Page 71.*

The race for shares of the fast-food market in Europe is getting tougher. The latest victim is Wendy's International. *See Page 72.*

CORPORATE CLOSEUP

Manhattan Industries is getting a lot of mileage out of the boost in visibility of its Henry Grethel units. *See Page 4.*

INTERNATIONAL

Coca-Cola has launched a full-scale battle against Australia's parents to try and prevent the disappearance of the country's No. 1 soft drink from school cafeterias. *See Page 24.*

VIDEOTECH

"Look" is back and WNEV-TV Boston has it—in the form of a live two-hour daily afternoon series. *See Page 50.*

Tribune Co. will provide the major financing for a satellite-delivered, business information teletext system. *See Page 50.*

MAGAZINE

Richard Avedon as advertising photographer is more than just the photographer—he involves himself in the entire creative process. *See Page M-4.*

Videotech: The volatile world of the new electronic media is one in which change often seems the only constant, and disagreement the only accepted rule. *See Page M-11.*

Lamentations of an adman: Oh, why do we have to endure all the poor imitations and repetitions of once-bright ideas? *See Page M-30.*

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ABC joins shuffle of tv lineups

By JAMES P. FORKAN

NEW YORK—ABC and NBC programers vowed to "stay the course" last week in the wake of CBS' decision to annul three Wednesday night series.

But late Friday ABC made its first fall season fix, slating a Friday movie package for a Dec. 3 premiere. "Greatest American Hero" and "The Quest" will have their last telecast on Nov. 19 before going "on hiatus." (The Larry Holmes fight is due Nov. 26.)

CBS' doctoring of its prime time schedule, the first of the new season, hit its three lowest-rated series in the six-week season, "Alice," "Filthy Rich" and "Tucker's Witch," in the 19 to 21 audience share area. Although speculation began immediately that those three shows were dead, Harvey Shephard, CBS Entertainment senior vp, emphasized all three will return "later this season."

Some felt that two of the three might well run off the remainder of their episodes in the spring and summer, that being a more attractive alternative than CBS having to shelve them, unplayed.

As if to confirm such speculation, CBS announced late last week

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Agencies' 3rd period still low

By CHRISTY MARSHALL

NEW YORK—Looking at the advertising industry's third quarter, Steve Slawson, an analyst at Bears, Stearns & Co., found the numbers "all lower than expected."

Fred Anschel at Dean Witter Reynolds agreed, adding that the results were "generally disappointing. The recession turned out to be a lot worse than expected."

In the third quarter of '82, the biggest loser in net income was Doyle Dane Bernbach, off by a whopping 269% to a minus-$1.4 million from a profit of $856,000 in the same quarter of 1981. The agency attributes its losses to the devaluation of the Mexican peso and a sharp decline in recruitment advertising spending.

Many agencies were affected by "the terrible level of business in the recruitment agencies that they all bought back in 1979," Mr. Anschel said. "In fact, they are all losing money. Now they've scaled back the operations as far as they can and [are] waiting for the business to pick up again. It will, eventually."

Interpublic chairman Philip Geier attributed the 11.9% net income decline to losses from certain foreign operations that were not tax deductible. Also, in the third quarter of 1981, Interpublic picked up a one-time $2.5 million tax credit (concerning inventory relief) in the United Kingdom.

For every loser, there seems to be a winner, however, and Mickelberry Corp., the industry maverick that buys agencies for their profit potential, came out the leader in every category. Mickelberry's holdings include Cunningham & Walsh, Nadler & Larimer and Laurence, Charles & Free. After a hot buying binge in 1982 that included C&W, and after deep-sixing its money-losers, Mickelberry's third-quarter net was up 1,477% to $458,000.

Despite sustaining a pretax loss of $669,000 in the third quarter, JWT Group's net income was up 58% (as a result of various tax credits) to $3 million.

Revenues were up in the third quarter for all the agencies, with Mickelberry showing the largest increase, 163% to $19.5 million.

For the first nine months of '82, net incomes reflect the feeling that 1982 has been the sort of year most agency chief execs would just as soon forget. While Mickelberry's net was up 87% to $1.2 million, only Interpublic (up 43.6% to $12.7 million) and BBDO (up 14% to $9.4 million) showed solid gains.

Still reeling from the scandals of its syndication unit, JWT's net for the period was down 82% to $816,000 as compared to $4.6 million net income posted a year ago. The results reflect a $12.1 million writeoff the company took as a result of accounting irregularities in the syndication unit last winter.

In terms of revenues for the first nine months of 1982, Mickelberry's shops were up 110% to $49.5 million for the quarter. Grey posted gains of 26% to $101.9 million, while Interpublic's armory of agencies increased worldwide revenues by 21.3% to $379.3 million. According to Mr. Geier, the new business netted in the first nine months of 1982 neared $251 million, a record gain for three quarters.

Looking forward to the fourth quarter, Mr. Anschel said, "It should not be too bad, except for the same considerations. The basic advertising business really hasn't been too bad, unless there were account losses. There have been some cutbacks but they haven't been that terrible. The thing that is really killing them is problems abroad."

And next year? "I look for at least modest gains," Mr. Anschel optimistically added.

Agency financial reports

Third quarter

Net income	1982	1981	%
BBDO	$2,505,000	2,091,000	20
Doyle Dane Bernbach	(1,448,000)	856,000	−269
Foote, Cone & Belding	1,901,000	1,917,000	−0.8
Grey Advertising	1,326,000	1,382,000	−4
Interpublic Group	1,934,000	2,195,000	−11.9
Mickelberry	458,000	31,000	1,477
Ogilvy & Mather	2,398,000	3,340,000	−28.2
JWT Group	2,979,000	1,884,000	58

Revenues	1982	1981	%
BBDO	$50,544,000	$38,858,000	30
Doyle Dane Bernbach	35,098,000	34,854,000	1
Foote, Cone & Belding	41,731,000	39,390,000	5.9
Grey Advertising	33,144,000	28,000,000	18.3
Interpublic Group	130,983,000	104,534,000	25.3
Mickelberry	19,545,000	7,431,000	163
Ogilvy & Mather	75,422,000	69,099,000	9.2
JWT Group	92,851,000	90,021,000	3

Nine months

Net income	1982	1981	%
BBDO	$9,432,000	$8,294,000	14
Doyle Dane Bernbach	4,027,000	6,026,000	−33
Foote, Cone & Belding	6,742,000	6,686,000	0.8
Grey Advertising	4,467,000	4,460,000	0.1
Interpublic Group	12,711,000	8,849,000	43.6
Mickelberry	1,171,000	625,000	87
Ogilvy & Mather	8,849,000	10,608,000	−16.6
JWT Group	816,000	4,603,000	−82

Revenues	1982	1981	%
BBDO	$150,780,000	$125,613,000	20
Doyle Dane Bernbach	122,301,000	113,225,000	8
Foote, Cone & Belding	129,608,000	122,149,000	6.1
Grey Advertising	101,863,000	80,797,000	26
Interpublic Group	379,257,000	312,705,000	21.3
Mickelberry	49,540,000	23,571,000	110
Ogilvy & Mather	231,548,000	210,782,000	9.9
JWT Group	291,836,000	272,547,000	7

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